

Press release Year report ABP 2023

Heerlen/Amsterdam, January 25, 2024.

- **Current coverage ratio at end 2023: 110.5% (end 2022: 110.9%)**
- **Investment result 2023: +9.3% (+€42.6 billion)**
- **Decision on 3.03% pension increase in November**
- **Policy coverage ratio falls to 113.9% (end 2022: 118.6%)**

ABP's financial position in 2023 appears stable, with the current coverage ratio remaining almost unchanged at over 110% both at the beginning and end of the year. Nonetheless, significant changes unfolded throughout the year. The current coverage ratio rose in the intervening quarters but declined in the last quarter, partly due to the processing of the pension increase, reaching the level of the end of the previous year. After three quarters of rising interest rates, interest rates sharply declined in the last quarter. Financial markets rebounded, resulting in positive returns. Simultaneously, the value of all pensions increased by €68 billion due to decreased interest rates. The fourth quarter (+9.7%) contributed to a yearly return of +9.3%. Available assets increased from €459 billion to €502 billion by 2023. The policy coverage ratio decreased from 118.6% at the end of 2022 to 113.9% at the end of 2023.

Harmen van Wijnen, Chair of the Board of Trustees: "2023 was a year with a sudden turn in the last quarter. Due to the sharp decline in interest rates, our liabilities increased, but financial markets also rallied, resulting in a positive return. What's more, in the last quarter, after the elections, a new discussion arose about the Future of Pensions Act (Wtp). This is undesirable and causes unrest among our participants. I call on all parties involved to prioritize the interests of Dutch participants and leave the Wtp unchanged. The law has been carefully and democratically established and is better for our participants. Thanks to the transition to the renewed system, we were able to use more flexible rules for the third time, allowing us to increase the pensions of workers and retirees by over 3% from January 2024. "

What can ABP participants expect?

In January 2023, ABP increased pensions by more than 3%, thus fully offsetting the rise in prices between September 2022 and September 2023 (3.03%). At the end of November this year, ABP will assess whether pensions can be increased in 2025 and, if so, by how much. When doing so, the fund will consider the financial position at the end of October and the price increase between September 2023 and September 2024, taking into account the interests of all groups of participants. The Board will then decide what increase is appropriate.

ABP's coverage ratios in 2023

In 2023, the current coverage ratio slightly decreased from 110.9% to 110.5%. In the first, second and third quarters, the coverage ratio rose steadily to 118.6%. Modest returns in the first half of the year and the increased interest rate in the third quarter contributed significantly. In the fourth quarter, ABP

incorporated the pension increase of 3.03% in the coverage ratio. This had a negative effect (-3.4%) as the fund's liabilities increased in value due to the raise.

The policy coverage ratio (the average of the current coverage ratios over the last twelve months) decreased in 2023, from 118.6% to 113.9%. This ratio, crucial for pension increases, remained above the current required level of 110% (FTK) and the eased threshold of 105%, applicable to funds transitioning to the new pension system.

How did ABP's investments and liabilities fare in 2023?

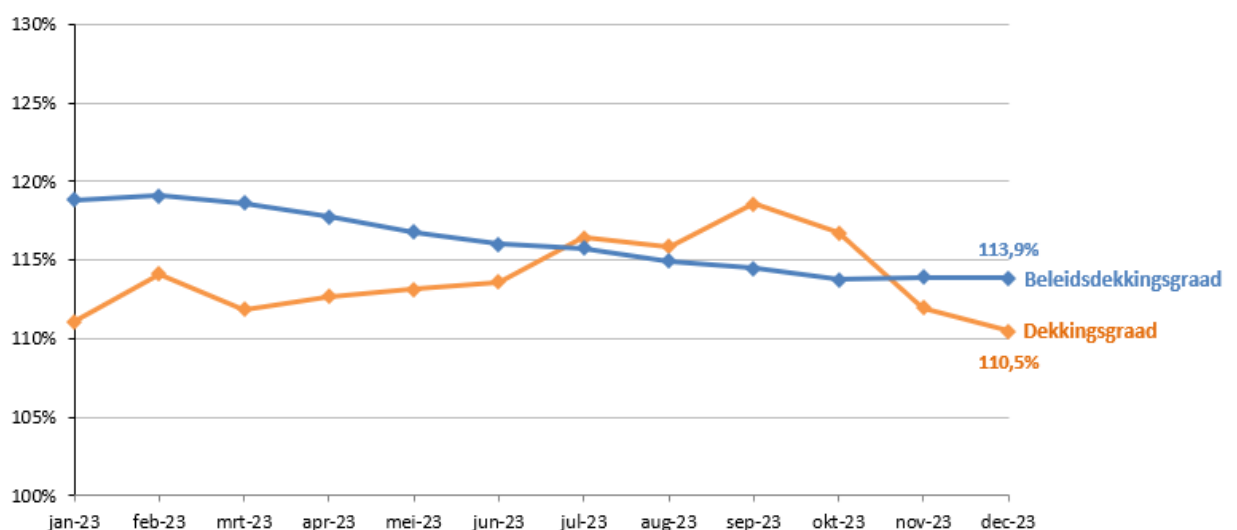
ABP's available assets rose from €459 billion at the end of 2022 to €502 billion at the end of 2023. ABP achieved a return of +9.3% (+€42.6 billion) throughout 2023. In the fourth quarter, the return was +9.7% (€44.3 billion). Almost all investment categories ended positively.

The actuarial interest rate decreased by 0.3 percentage points in 2023 (from 2.6% to 2.3%). As a result, the value of the pensions that ABP has to pay out now and in the future rose from €414 billion at the end of 2022 to €454 billion at the end of December 2023. This increase negatively impacted the coverage ratio.

Kerncijfers	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Actuele dekkingsgraad (%)	110,9	111,9	113,6	118,6	110,5
Beleidsdekkingsgraad (%)	118,6	118,6	116,0	114,5	113,9
Beschikbaar vermogen (€ miljard)*	459	470	475	457	502
Verplichtingen (€ miljard)	414	420	418	386	454
Rekenrente (%)	2,6	2,5	2,6	3,1	2,3

* de belangrijkste redenen voor verandering van het beschikbaar vermogen zijn behaald beleggingsrendement, premies en uitkeringen.

Ontwikkeling dekkingsgraden per maandeinde



Appendix: Explanation of ABP investment portfolio returns

	Gewicht in %	Q4 2023		2023		2022	
		Rendement unhedged		Rendement		Rendement unhedged	
		in %	in miljard €	in %	in miljard €	in %	in miljard €
Vastrentende Waarden	39,2	8,8	16,0	6,3	11,6	-19,7	-44,1
Staatsobligaties	9,3	6,4	2,9	5,3	2,4	-17,3	-8,9
Langlopende Staatsobligaties	13,4	15,6	8,9	5,4	3,5	-33,0	-25,6
Bedrijfsobligaties	10,4	5,6	2,7	6,3	3,1	-13,4	-8,6
Obligaties opkomende landen	6,2	4,8	1,4	9,2	2,6	-3,3	-1,0
Aandelen	28,3	6,5	8,2	15,4	18,7	-15,1	-25,4
Aandelen ontwikkelde landen	21,6	7,7	7,2	19,0	17,0	-14,2	-18,3
Aandelen opkomende landen	6,7	3,1	1,0	5,5	1,8	-18,0	-7,0
Alternatieve beleggingen	21,1	-1,9	-2,0	2,9	3,1	10,5	13,1
Private Equity	9,2	0,6	0,3	5,9	2,6	-1,7	-0,7
Grondstoffen *	5,5	-7,5	-2,2	-3,1	-0,8	24,3	8,7
Infrastructuur	5,3	0,8	0,2	5,5	1,4	6,0	1,3
Hedge fondsen (in afbouw) **	1,0	-5,5	-0,3	-1,3	-0,1	18,9	3,8
Vastgoed	9,9	2,5	1,2	0,0	0,0	-8,8	-4,8
Vastgoed	9,9	2,5	1,2	0,0	0,0	-8,8	-4,8
Portefeuille rendement (voor overlay)	98,5	5,1	23,3	7,3	33,4	-11,1	-61,2
Overlay ***	1,5	4,6	21,0	2,0	9,2	-6,5	-35,7
Rente- en inflatiehedge ***		4,0	18,2	1,8	8,4	-5,1	-28,3
Valutahedge ***		0,6	2,7	0,2	1,1	-1,6	-8,8
Cash en overig ***		0,0	0,1	-0,1	-0,3	0,2	1,4
Totaal	100,0	9,7	44,3	9,3	42,6	-17,6	-96,9

* Grondstoffen heeft 100% USD exposure, uitgedrukt in USD is het rendement over Q4 -3,5%

** Hedge fondsen heeft 100% USD exposure, uitgedrukt in USD is het rendement over Q4 -1,4%

*** contributie aan totaal rendement